

25X1

Approved For Release 2006/03/17 : CIA-RDP79T00865A001400260001-9

Next 1 Page(s) In Document Exempt

Approved For Release 2006/03/17 : CIA-RDP79T00865A001400260001-9

SECRET



25X1

*C O N T E N T S*

Portuguese Ruling Triumvirate Unlikely to Resolve Differences . . . . .	1
Turkey Moves for Command of US Bases . . . . .	4
Norwegians Criticize US Oil Firm . . . . .	7
EC-Arab Dialogue: One Step Forward . . . . .	9
Tindemans To Deliver European Union Report on Schedule . . . . .	11
Liquidation of US Subsidiary May Spark Strong Reaction from French Labor . . . . .	13
Italian Socialists Push Larger Role for Communists . . . . .	15

DOS review(s) completed.

SECRET

SECRET

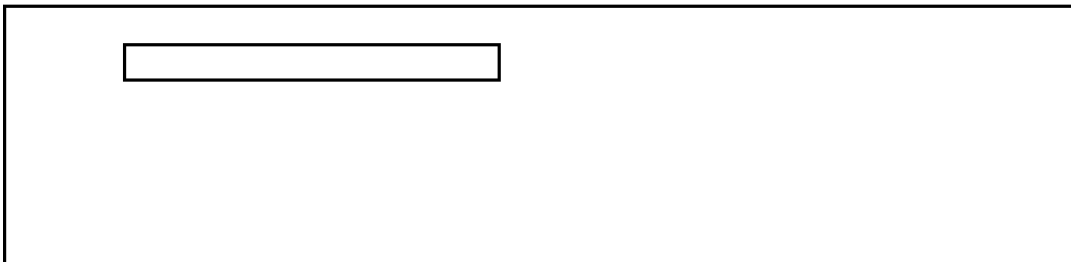


Portuguese Ruling Triumvirate Unlikely to  
Resolve Differences

The formation of the executive triumvirate in Portugal is probably intended to bridge the three opposing currents in the ruling military, but it is more likely to increase the differences among them. The triumvirate is unlikely to repair the deep divisions in the country as a whole or to solve Portugal's critical domestic problems.

25X1

Differences between security chief Otelo de Carvalho and Prime Minister Goncalves--who appeared to emerge from the Armed Forces General Assembly deliberations on Friday in the strongest position--appear to be unbridgeable. This is probably also the case for Otelo and the third member of the triumvirate, President Costa Gomes, who appealed in the assembly meeting for a slowdown in the revolution because it was out of touch with the people.



25X1

Reaction to the triumvirate from the Communists has been lukewarm at best, suggesting that they may be apprehensive about the elevation of Otelo--whom they have good reason to fear--to such a position of authority.

It must also be evident to the Communists not only that their future is linked with that of Goncalves, but also that the moderates--both in the military

July 28, 1975

-1-

SECRET

**SECRET**

and in the democratic parties--are not ready to capitulate.

It is unclear what the next move by moderate military officers will be. Seeing that their effort to unseat Goncalves would fail in the radical-dominated assembly meeting, key moderate officers refused to attend, in spite of entreaties by Costa Gomes and others. Instead, they held their own meeting at the foreign ministry.



Although a move by the moderates could come this week, their strategy may not be spelled out until Foreign Minister Antunes, who will accompany Costa Gomes to the European security conference in Helsinki, returns to Portugal.

Both the Socialists and the moderate leftist Popular Democratic Party have expressed opposition to the new triumvirate. The Socialists have sought to identify closely with the moderate, pro-Western remarks made by Costa Gomes during the assembly. Both the Socialists and the Popular Democrats have denounced the new governing body as illegal.

Socialist Party leader Soares yesterday called on President Costa Gomes to break away from the triumvirate and form a government. Soares said that only Costa Gomes could unify and save the nation from a radical leftist dictatorship. Soares spoke at a party rally in a northern port city.

The rally yesterday was peaceful, but a Socialist protest rally on Saturday night in Evora was attacked by the Communists, resulting in dozens of injuries.

July 28, 1975

-2-

**SECRET**

SECRET

Portuguese troops were required to intervene as some 6,000 Socialists and Communists battled with clubs and rocks.

Catholics in the far northern town of Braganca defied the military yesterday by holding a rally protesting the seizure of the church radio.

The Popular Democrats were said to be planning a rally on the island of Madeira, which, according to one unconfirmed press account, is rumored to be considering a declaration of independence. Radio Lisbon reported yesterday that "reactionary forces" remain active on the island and that clashes between them and troops reportedly occurred Friday night.

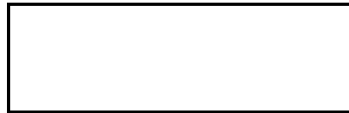
The chances of the triumvirate winning some breathing space may become clearer when--and if--a new cabinet is announced, either today or tomorrow. Any respite seems likely to be brief, given the continuing turmoil in the country, the economic problems that are expected to come to a head in the next few weeks, and problems in the Azores and Angola.

25X1

July 28, 1975

SECRET

SECRET

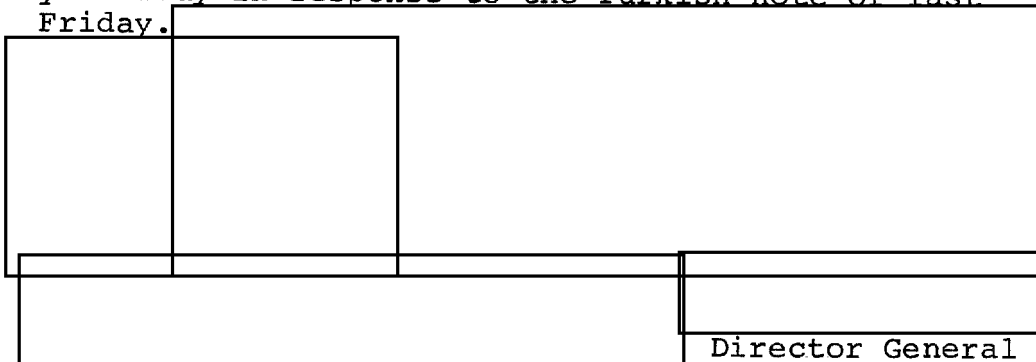


25X1

Turkey Moves for Command of US Bases

The Turkish government is beginning to implement its decision to take control of US bases and has asked for assurances that operational activity at the bases has been suspended. Turkish officials still do not seem sure about the extent to which they want to modify defense relations with the US, however, and they are leaving themselves room for maneuver.

Operations related to the primary mission of four US-run common defense installations ceased yesterday in response to the Turkish note of last Friday.

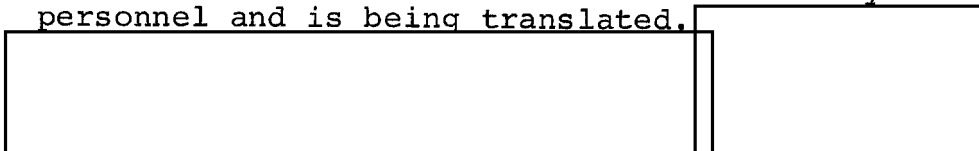


25X1

25X1

Director General for International Security Affairs Yavuzalp told Ambassador Macomber yesterday that instructions to Turkish commanders call on them to treat US military personnel as "members of a friendly and allied force."

A complete set of the instructions to the commanders has been forwarded to US military personnel and is being translated.



25X1

July 28, 1975

SECRET

~~SECRET~~

According to a Turkish radio broadcast, the Turkish government has called for an extraordinary meeting of the NATO Council to explain its actions against the US bases.

Operations were continued at the bases through Saturday when it appeared that the Turkish government--having made a major publicity impact by its announcement of the suspension and takeover--would refrain from zealously implementing its decision. An inquiry by the acting chief of the General Staff about the status of operational activity on Saturday, however, led to the suspension of operations yesterday.

25X1

According to a preliminary embassy assessment, the ability of the US forces to carry out their mission will depend as much on the zeal with which the new restrictions are interpreted and carried out as on the restrictions themselves.

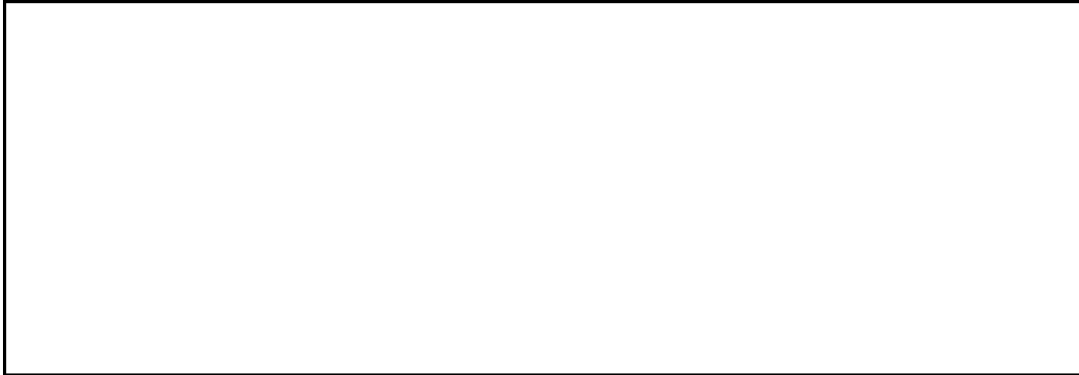
Reaction by the political opposition and press has been outrage at the decision of the US House of Representatives to continue the embargo. The opposition has given grudging approval to the moves of the Demirel government

July 28, 1975

~~SECRET~~

SECRET

against the bases. Principal opposition leader Ecevit called for even stronger measures and for a general review of Turkish foreign policy.



25X1

July 28, 1975

SECRET



25X1

Norwegians Criticize US Oil Firm

The Norwegian government and labor organizations have launched a campaign for better working conditions and higher wages for employees of the US-owned Phillips petroleum corporation that is drilling in the Norwegian sector of the North Sea oil fields.

The campaign was triggered by sensational press coverage of a recently published government report critical of working conditions, employment security and safety on the Phillips oil rigs. The stories chided local unions for not defending adequately the plight of the "exploited" foreign workers. The unions subsequently joined the fray, and an interdepartmental committee was formed to study the situation and make recommendations.

Phillips' spokesmen defended the company's practices by pointing out that conditions were better for most foreign workers on the rigs than what they would encounter at home for similar work. Some workers, they said, even welcome the non-union scale which permits them to make more money in the long run by working longer hours. The oil company officials, opposing obligatory union membership for their workers, said the study was exaggerated. A Phillips spokesman admitted that safety could be improved, however, and offered to work with government experts on the problem.

As many as 750 British, Spanish, and Iranian workers could be affected by the dispute and by environmental legislation

July 28, 1975

SECRET

to be considered by the Norwegian parliament  
this fall. Talks between Phillips and  
the unions will probably lead to settlement  
of the dispute, but this is almost certain  
to increase the costs of exploiting Norway's  
off-shore oil deposits.

25X1

July 28, 1975

SECRET

SECRET

25X1

EC-Arab Dialogue: One Step Forward

EC and Arab League economic representatives, during a three-day meeting in Rome last week, made progress in establishing procedures for a detailed examination of areas for economic cooperation. The next meeting is scheduled for November in an as yet undetermined Arab city.

The formal opening of the so-called dialogue has taken more than a year and a half to get started. The EC's stand on Middle East issues caused the Arabs to delay agreement on procedural steps a number of times. The first joint meeting was finally held in Cairo last month and the two sides agreed to set up six joint steering committees of experts.

The more radical Arab members subsequently demanded that the Rome session be cancelled because of a resolution by the European Parliament condemning violence in Jerusalem by the Palestine Liberation Organization. The Maghreb countries, irritated by the slow pace of their trade negotiations with the EC, also harshly criticized the EC Nine and tried to postpone the meeting. In the end, only Libya decided not to attend.

The six working groups have been directed to study prospects for cooperation in such areas as industrialization, financial cooperation, and agriculture. About 130 experts participated in drawing up documents outlining future work programs; both sides have described the progress as satisfactory.

Despite the business-like start--and the relative success of the participants in sidestepping political issues during the meetings--the dialogue will continue

July 28, 1975

SECRET

~~SECRET~~

to be a fragile undertaking. EC opposition to such developments as the Arab moves to suspend Israel from the UN, for example, could easily cause the Arabs to postpone the next meeting or even discontinue the dialogue.

There is little doubt that the Arabs will continue to push for a political dimension to the talks as opportunities present themselves. Moreover, once agreement has been reached on specific economic accords, the Arabs will probably try to extract political concessions from the EC. At the moment, however, almost all participants clearly see advantages in having the dialogue continue. Even the PLO, which is represented in the "de-nationalized" experts' groups, seems anxious for the talks to succeed because it would lose these contacts with the non-Arab world if the dialogue were to collapse and the discussions reverted to unilateral channels.



25X1

July 28, 1975

~~SECRET~~

SECRET

25X1

Tindemans To Deliver European Union  
Report on Schedule

Belgium Prime Minister Tindemans, charged with preparing a comprehensive study on ways to achieve European union, is discouraged by the lack of cooperation he is getting from the Nine, but remains determined to fulfill his "wise man's" mission.

Entrusted with the study by the EC Nine at the Paris summit last December, Tindemans stressed in a conversation with Ambassador Firestone that the report will be submitted on schedule for the European Council session at the end of this year.

Tindemans minimized reports of serious disagreements with British Labor personalities, whom he met in London earlier this month. The visit was one of a series to all EC capitals to get national ideas on European Union. The London meeting had been described as a fiasco and gave rise to stories that Tindemans would postpone his report. In his talk with Ambassador Firestone, the Belgian Prime Minister conceded only that some of those he saw in London were "a little hard to know and understand."

Tindemans reserved harsh words for the July European Council, where, he contended, nothing on the issue of European Union had been accomplished. In fact, the anticipated discussion of European Union did not even take place. Tindemans now doubts that the Nine will provide much help in preparing measures to achieve greater European unity. Tindemans is also skeptical about how his recommendations will be received once they are formally submitted.

July 28, 1975

SECRET

~~SECRET~~

With Schmidt, Giscard, and Wilson each out to prove--in his own way--that he is more pragmatic than the other in approaching European unity and with the fight for economic recovery uppermost in their minds, it is not surprising that European union is regarded as a long-term goal. The net effect on Tindemans may be to force him to concentrate on specific practical steps that should be taken in order for the leaders to retain credibility on the issue of European unity. Whatever the fate of Tindemans' report, the matter of direct elections to the European Parliament remains alive and will make it difficult to postpone consideration of the questions this will pose for the community's political structure.



25X1

July 28, 1975

~~SECRET~~

~~SECRET~~

25X1

Liquidation of US Subsidiary May Spark Strong  
Reaction from French Labor

The decision by US owners of a major French industrial enterprise to take a step that will almost certainly lead to liquidation of the firm will be released to the French press today. The company--Ideal Standard, a subsidiary of American Radiator Standard Sanitary Company of New York--employs 5,100 workers in five French factories. The move is likely to spark a highly adverse reaction, especially from French press and labor unions.

The French subsidiary has been in increasingly perilous financial condition for the past two years, due to the slump in construction work and the obsolescence of the plants and their products. Since last December workers in the Ideal Standard factories have engaged in several violent demonstrations against executives and facilities. In February, French authorities--with militant unions looking over their shoulders--refused to allow the company to lay off 1,500 excess workers.

The French government did agree to lift price controls on some of the company's products earlier this year, but the operating losses continued to mount. During the first half of this year losses were in excess of \$10 million. With no hope in sight even if dismissals were authorized and the market were to improve, American Standard placed Ideal Standard in the hands of a court-appointed administrator last Friday--almost certainly a prelude to dissolution of the subsidiary.

The French government may have some hopes that the holiday season will cushion the impact of the layoffs to some extent. The ministry of

July 28, 1975

~~SECRET~~

SECRET

finance, in fact, requested that the press release be delayed until August 1 when most French workers will begin their vacations. American Standard demurred, pointing out that at least some of the subsidiary's final payroll and holiday bonuses have already been sidetracked by a French bank to retire the company's outstanding debts. Workers in the affected plants have gotten wind of the bank's action--enhancing the possibility of a violent reaction.

Unemployment--now at its highest since World War II--is the most politically sensitive issue in France. The influx of a half-million young people into the labor market this fall will probably drive the number of registered unemployed, now around 800,000, past the politically explosive level of one million (4.5 percent of the labor force). The major trade union confederations--stung by President Giscard's recent enjoinder to the French public to go off and enjoy their vacations and his bland assertion that there would be nothing to worry about in the fall--have been making strong efforts to keep the pot boiling over the summer. In a rally held at the Eiffel Tower earlier this month, the two most powerful labor confederations--the Communist-dominated General Confederation of Labor and the radical leftist Democratic Confederation of Labor--sought to publicize the 160-odd labor disputes (about half of which are over wages, the other half over layoffs) that are currently taking place in France. The layoff of over 5,000 French workers by an American-owned multinational company could provide the focus for which the labor unions have been hoping.

25X1

July 28, 1975

SECRET



SECRET

25X1

Italian Socialists Push Larger Role for  
Communists

The central committee of the Italian Socialist Party over the weekend unanimously supported party chief De Martino's stand opposing any future national government that does not have "at least indirect" Communist support.

De Martino suggested that Communist abstention in a confidence vote on a new government might be an acceptable form for such support. If the Christian Democrats eventually agree to such a formula, it would be seen in Italy as a first step toward eventual Communist membership in the government. Socialist entry into the government was preceded by a similar arrangement in 1962.

De Martino also won his party's backing for continuing efforts to maintain working relations with the Christian Democrats. With the exception of a small left-wing faction, the Socialists endorsed De Martino's rejection of any return at the national level to the "frontist" alliance with the Communists of the early postwar period.

Some Socialists have been talking about a revival of the "frontist" alternative, following last month's regional and local elections in which the Socialists and Communists came close to winning an absolute majority. Although the two parties govern

July 28, 1975

SECRET

~~SECRET~~

together in many localities, De Martino-- and the Communists--are still reluctant to try it at the national level.

The Christian Democrats emerged in disarray from their national council meeting last week and are not yet in a position to respond authoritatively to the Socialists' demands. The lengthy and inconclusive internal battle waged by the Christian Democrats over a replacement for Fanfani--national council president Zaccagnini was tapped to serve temporarily--precluded any serious consideration of policy changes. In the coming weeks, moreover, the party will be preoccupied with maneuvering aimed at lining up a majority of the factions behind a new leader in time for the Christian Democratic congress in the fall.

The indecision at the top of the Christian Democratic Party has contributed to uncertainty among the party's local leaders and seems to be encouraging some to abandon their opposition to granting the Communists a more important role in government. That appears to be the case in the key northern region of Lombardy where the new center-left government, led by the Christian Democrats, has solicited the "active cooperation" of the local Communists.

[REDACTED]

25X1

July 28, 1975

~~SECRET~~

Approved For Release 2006/03/17 : CIA-RDP79T00865A001400260001-9

**Secret**

**Secret**

Approved For Release 2006/03/17 : CIA-RDP79T00865A001400260001-9